

MINUTES
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

DATE: Thursday, February 18, 2021
TIME: 3:00 P.M.
PLACE: Room WW53
MEMBERS PRESENT: Chairman Rice, Vice Chairman Grow, Senators Vick, Lakey, Souza, Bayer, Ricks, Nye, and Rabe
ABSENT/ EXCUSED: None

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Rice** called the meeting of the Local Government and Taxation Committee (Committee) to order at 3:02 p.m.

PASSED THE GAVEL: Chairman Rice passed the gavel to Vice Chairman Grow.

S 1108 **Relating to Taxing District Budgets; to Revise Provisions Regarding the Limitation on Taxing District Budget Requests.** **Chairman Rice** presented **S 1108** to the Committee, emphasizing that property taxes in the state are growing much faster than income. He explained that throughout history Idaho has used different formulas to finance government, and he gave a brief history of property tax in the state. **Chairman Rice** then described the current process where there is an allowance of 3 percent growth in the budget from the previous year, plus the value of new construction. The new construction value is calculated using the assessed value of the new construction and multiplying it by the previous year's levy rate. **Chairman Rice** explained that **S 1108** requires the local unit of government to establish how much of the allowed 3 percent growth they intend to use, then calculate a preliminary levy rate using all property except new construction. That current levy rate would then be applied toward the new construction. The local unit of government would receive 75 percent of the resulting number as their additional budget, and 25 percent would go toward reducing property taxes.

Chairman Rice pointed out that **S 1108** also addresses urban renewal districts. The legislation specifies that when an urban renewal district expires, 50 percent of that calculated tax value would then go to budget increases and 50 percent to property tax relief.

Chairman Rice explained the final component of **S 1108** regarding foregone taxes. When a local unit of government does not take the full property tax increase they are legally entitled, they can place the remaining amount into foregone taxes. These foregone taxes are recoverable at a future date. **S 1108** specifies that any government entity that claims foregone taxes will be limited to a 4 percent total budget increase.

TESTIMONY: The following individuals testified in support of **S 1108**: **Fred Birnbaum**, Legislative Affairs Director, Idaho Freedom Foundation; **Russ Hendricks**, Director of Governmental Affairs, Idaho Farm Bureau Federation; and **Bryce Durrant**, Citizen Taxpayer.

Seth Grigg, Executive Director, Idaho Association of Counties, and **Miguel Legaretta**, President, Associated Taxpayers of Idaho, each testified that their organization would not take a position on **S 1108**.

The following individuals testified in opposition to **S 1108**: **Debbie Kling**, Mayor, City of Nampa; **Doug Racine**, Director of Finance, City of Nampa; **Mark Mitton**, City Administrator, City of Burley; **Chelsea Wilson**, Communications Specialist, City of Caldwell; **Joe Stear**, Mayor, City of Kuna; **Richard Davies**, Executive Director, Nampa Fire Protection District; **Travis Rothweiler**, City Manager, City of Twin Falls; **Frank Wolfkiel**, Commissioner, Nampa Fire Protection District; **Leon Duce**, City Administrator, City of Rathdrum; **David "Rudy" Rudebaugh**, Legislative Chairman, Idaho State Fire Commissioners' Association; **Jim Francis**, Council Member, City of Idaho Falls; **Robert Simison**, Mayor, City of Meridian; **Paul Wagner**, Commissioner, Kootenai County Fire and Rescue; **David Lehman**, Primus Policy Group, Meridian Development Association; **John Beacham**, Public Works Director, City of Post Falls; **Juan Bonilla**, Fire Chief, Donnelly Rural Fire Protection District; **Todd Belnap**, Commissioner, Minidoka Fire Protection District; **John Evans**, Mayor, City of Garden City; **Kelley Packer**, Executive Director, Association of Idaho Cities; and **Tom Lamar**, Commissioner, Latah County.

The following individuals provided written testimony in opposition to **S 1108**: **Mitchell J. Hart**, PE, Council President, City of Soda Springs; **Hyrum Johnson**, Mayor, City of Driggs; **August Christensen**, Council President, City of Driggs; **Peter Hendricks**, Mayor, City of Sun Valley; **David Winder**, Chairman, **Nathan Mueller**, Vice Chairman, and **Steve Vlassek**, Secretary/Treasurer, Meridian Development Corporation; **Kevin B. England**, Mayor, City of Chubbuck; **Rusty Coffelt**, Chairman, Eagle Urban Renewal Agency; **Lisa Holland**, Economic Development Director, City of Kuna; **Brian C. Blad**, Mayor, City of Pocatello; **Brent Tolman**, President, Redevelopment Association of Idaho, Inc.; **Robert Phillips**, President & CEO, Brighton Corporation; **Anette Spickard**, City Manager, City of McCall; **Brett Hoyer**, City Administrator, City of Hayden; **Brent Orton**, PE, MSCE, Public Works Director, City of Caldwell; **John P. Magnuson**, Owner, Bluegrass Development, LLC; **Robert Simison**, Mayor, City of Meridian; **David "Rudy" Rudebaugh**, Legislative Chairman, Idaho State Fire Commissioners' Association; **Kathy Griesmyer**, Government Affairs Director, City of Boise; **Patrick M. Knight**, Chief of Police, City of Post Falls; **Ronald G. Jacobson**, Mayor, City of Post Falls; **Bryan Lovell**, President, Idaho State Lodge, Fraternal Order of Police; **Kathie LaFortune**, Chairman, **Thomas C. Lamar**, Commissioner, and **David McGraw**, Commissioner, Latah County Board of County Commissioners; **Thomas Greif**, President, North Idaho Fire Chiefs Association; **Christina Hirsch**, Treasurer, Meridian Library Board of Trustees; **Jason Boal**, Chairman, Idaho Legislative Committee, American Planning Association; **Mike Williams**, City Administrator, City of Jerome; **Shannon Tolman**, Fire Chief, Burley Fire Department; **Beth Ineck**, Economic Development Director, City of Nampa; **Robert Lau**, Council Member, City of Soda Springs; and **Thomas Hally**, Council Member, City of Idaho Falls.

MOTION: **Senator Rice** moved to send **S 1108** to the floor with a **do pass** recommendation. **Senator Vick** seconded the motion.

DISCUSSION: **Senator Bayer** told the Committee she now understood the legislation better than she had before the Committee meeting, and though she felt taxpayers need even more relief, **S 1108** is a beginning. **Senator Ricks** agreed that it was a step in the right direction. He said he believes government needs to learn to do more with less. **Senator Lakey**, pursuant to Rule 39(H), noted a possible conflict of interest, as his legal firm represents several government entities. He expressed his concern that so many cities find fault with the formula and he would not support the motion. **Senator Vick** explained to the Committee that in his time in the Legislature, property taxes have been a consistent issue, and the taxing districts have never come forward with any solution. Although more is necessary, this is an opportunity to vote on a reduction, and he would support the motion. **Senator Souza** declared that **S 1108** is not perfect but believes it is better than recognized and would support the motion. **Senator Rabe** stated she does not believe **S 1108** will provide the

relief that is needed. **Senator Grow** stated he does not believe in shifting the tax burden. **S 1108** may not give as much relief as necessary, but it will slow the rate of increase, he said. A pause in the rapid accelerating rates is worth it, and **Senator Grow** supports the legislation. **Senator Nye** declared a possible conflict of interest.

VOICE VOTE: The motion to send **S 1108** to the floor with a **do pass** recommendation carried by **voice vote**.

ADJOURNED: There being no further business at this time, **Chairman Rice** adjourned the meeting at 6:01 p.m.

Senator Rice
Chair

Machele Hamilton
Secretary